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**COUNTY OF SAN BERNARDINO,  
CALIFORNIA**

**SINGLE AUDIT REPORT**

**For the Year Ended June 30, 2008**

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COUNTY OF SAN BERNARDINO, CALIFORNIA

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2008

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Vavrinek, Trine, Day & Co., LLP  
Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors  
County of San Bernardino, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 26, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and First Five of San Bernardino County for the year ended June 30, 2008, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated November 26, 2008.

This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vavnick, Time Day, Co., LLP*

Rancho Cucamonga, California  
November 26, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133,  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SUPPLEMENTAL  
SCHEDULE, AND THE SUPPLEMENTAL SCHEDULE OF OFFICE OF  
CALIFORNIA STATE DEPARTMENT OF AGING GRANTS**

Board of Supervisors  
County of San Bernardino, California

**Compliance**

We have audited the compliance of the County of San Bernardino, California (the County), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's financial statements include the operations of the Child Development Program, which expended \$39,760,183 in federal awards, which are not included in the schedule during the year ended June 30, 2008. Our audit described below did not include the grant programs of the Child Development Program because the County engaged other auditors to perform such audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-01, 2008-02, 2008-03, 2008-05, 2008-06 and 2008-07.

## **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-02, 2008-03, 2008-04, and 2008-06 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

## **Schedule of Expenditures of Federal Awards and Supplemental Schedule**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2008, and have issued our report thereon dated November 26, 2008. We did not audit the financial statements of the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County for the year ended June 30, 2008. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the San Bernardino County Flood Control District, the County of San Bernardino Redevelopment Agency and the Children and Families First Commission of San Bernardino County, are based on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The Supplemental Schedule of Office of California State Department of Aging Grants is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Award and Supplemental Schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



This report is intended solely for the information and use of the Board of Supervisors, County management, the Audit Committee, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vawcmet, Turner Day Co., LLP*

Rancho Cucamonga, California  
March 20, 2009, except for the Schedule of Expenditures of  
Federal Awards, as to which the  
date is November 26, 2008

# COUNTY OF SAN BERNARDINO, CALIFORNIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
<b>Department of Agriculture:</b>			
Pass-Through Programs:			
Child Nutrition Cluster:			
California Department of Education:			
School Breakfast Program	10.553	36-10363-6037469-01	\$ 281,045
National School Lunch Program	10.555	36-10363-6037469-01	433,698
Total Child Nutrition Cluster			<u>714,743</u>
Food Stamps Cluster:			
California Department of Social Services:			
Food Stamps Program	10.551		211,601,836
Food Stamps Administration	10.561		15,458,298
California Department of Health Services:			
Regional Nutrition Network for Healthy Active Families	10.561	19406001347-A7	947,623
Nutrition Network	10.561	19406001347-A7	437,002
California Project LEAN	10.561		20,000
Total Food Stamps Cluster [1]			<u>228,464,759</u>
California Department of Education:			
Child and Adult Care Food Program	10.558	3615241J	<u>1,970,824</u>
California Department of Food and Agriculture:			
Inspection, Grading, and Standardization	10.162	04-0573	16,511
Senior Farmers Market Nutrition Program (SFMNP) **	10.576		38,500
Total California Department of Food and Agriculture			<u>55,011</u>
California Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02-25704	<u>9,971,504</u>
State Controller:			
Schools and Roads - Cluster	10.665		<u>136,560</u>
Total Pass-Through Programs			<u>241,313,401</u>
Direct Programs:			
Forestry Research Grant	10.652		217,083
Cooperative Law Enforcement - FED FY 08	10.06-LE-1105-1360-0		25,195
Cooperative Law Enforcement - FED FY 09	10.06-LE-1105-1360-0		9,049
Urban and Community Forestry Program	10.675		2,532,766
Emergency Watershed Protection Program	10.904		6,583,385
Total Direct Programs			<u>9,367,478</u>
Total Department of Agriculture			<u>250,680,879</u>
<b>Department of Defense:</b>			
Direct Programs:			
U.S. Army Corp. of Engineers San Timeteo Creek Project-Phase 3B	12.000		<u>315,720</u>
Total Department of Defense			<u>315,720</u>

[1] Denotes a major federal financial assistance program.

\*\* Denotes that this program is part of the Aging Cluster at the request of the California Department of Aging.

See accompanying notes to schedule of expenditures of federal awards.

# COUNTY OF SAN BERNARDINO, CALIFORNIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
<b>Department of Housing and Urban Development:</b>			
Pass-Through Programs:			
California Department of Housing and Community Development:			
Disaster Recovery Initiative Grant	14.228		\$ 19,843
Community Block Grant Cluster:			
Pass-Through Programs:			
City of Chino Hills:			
Adult Literacy -Chino Hills	14.218		21,000
City of Chino:			
Library Literacy Day- Chino	14.218		1,400
City of Hesperia:			
Adult Literacy Program-Hesperia	14.218		5,000
City of Rialto:			
Adult Literacy Program - Rialto	14.218		7,100
Town of Apple Valley:			
Library Literacy Day - Apple Valley	14.218		5,000
Direct Programs:			
Community Development Block Grant	14.218		11,021,111
Community Development Block Grant - Crestline: Senior			
Outreach/Nutrition Program	14.218		36,626
Total Community Block Grant Cluster [1]			11,097,237
Direct Programs:			
Lead-Based Paint Hazard Control Grant	14.900		378,396
Emergency Shelter Grant Program	14.231		336,656
HOME Investment Partnerships Program [1]	14.239		3,577,172
Total Direct Programs			4,292,224
Total Department of Housing and Urban Development			15,409,304
<b>Department of the Interior:</b>			
Pass -Through Programs:			
Southern Nevada Water Authority:			
Las Vegas Wash/Lake Mead Program, Las Vegas Wash Biological Monitoring	15.BCD		37,845
Direct Programs:			
Payment in Lieu of Tax	15.226		1,808,465
Total Department of the Interior			1,846,310
<b>Department of Justice:</b>			
Pass-Through Programs:			
California Department of Corrections and Rehabilitation:			
Juvenile Accountability Incentive Grant	16.523	BDC 137-04	73,503
San Diego St. Univ. Research Foundation:			
California Enforcing Underage Drinking Laws	16.523		20,490
Governor's Office of Emergency Service:			
Elder Abuse Advocacy and Outreach Program	16.575	EA04070360	141,780
Special Emphasis Victim Witness Assistance Program	16.575	SE04140360	116,446
Victim Witness Assistance Program	16.575	VW04230360	444,720
Anti Drug Abuse Enforcement	16.738		1,140,689
Marijuana Suppression Program	16.738		176,770
Grant Program Paul Coverdell Forensic Sciences Improvement - 2005	16.742		26,300
Grant Program Paul Coverdell Forensic Sciences Improvement 200700317	16.742		31,192
Total Governor's Office of Emergency Service			2,077,897

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2008**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
<b>Continued - Department of Justice:</b>			
<b>Continued - Pass-Through Programs:</b>			
County of Riverside:			
High Intensity Drug Trafficking Area (RMTF)	16.17PLAP540Z		\$ 457,234
<b>Total Pass-Through Programs</b>			<u>2,629,124</u>
<b>Direct Programs:</b>			
Digital Dental Human Identificaiton Project	16.580		<u>31,112</u>
2003 BJA Congressionally Mandated Award	16.580		<u>179,664</u>
Grant Program Paul Coverdell Forensic Sciences Improvement	16.742		<u>80,745</u>
2008 Cannabis Eradication Supperssion Program	16.738		<u>22,755</u>
U.S. National Institute of Justice:			
Forensic Casework Backlog Reduction - 2006	16.743		<u>112,436</u>
Forensic DNA Backlog Reduction - 2007	16.743		<u>137,309</u>
2005-2006 DNA Capacity Enhancement Program	16.560		<u>11,424</u>
2006 DNA Capacity Enhanced Program	16.741		<u>77,367</u>
<b>Total U.S. National Institute of Justice:</b>			<u>338,536</u>
Community Oriented Policing Services Office (COPS)			
Technology Grant - 2005	16.710		<u>144,653</u>
Technology Grant - 2006	16.710		<u>450,093</u>
Secure our Schools	16.710		<u>102,515</u>
<b>Total Community Oriented Policing Services Office (COPS)</b>			<u>697,261</u>
Bureau of Justice Assistance:			
Gang Resistance Education and Training Program (GREAT)	16.737		<u>111,806</u>
2005 Justice Assistance Grant	16.738		<u>35,936</u>
2006 Justice Assistance Grant	16.738		<u>16,007</u>
2007 Justice Assistance Grant	16.738		<u>870,163</u>
Southwest Border Prosecution Initiative	16.SBP		<u>1,476,286</u>
<b>Total Bureau of Justice Assistance</b>			<u>2,510,198</u>
Drug Enforcement Administration:			
Cannabis Eradication Suppression Program	16.738		<u>26,170</u>
DEA Riverside Task Force FY 07-08	16.SCSHRA07-635		<u>44,416</u>
<b>Total Drug Enforcement Administration</b>			<u>70,586</u>
Office of Justice Programs:			
Anti-Gang Initiative	16.744		<u>14,187</u>
Department of Treasury:			
Asset Forfeitures	16. CA0360000		<u>661,102</u>
U.S Marshal Service:			
Regional Fugitive Task Force	16.FATF-07-0044		<u>152,046</u>
Office of National Drug Control Policy:			
High Intensity Drug Trafficking Area	16.17PLAP540Z		<u>443,998</u>
Office of Juvenile Justice and Delinquency Prevention:			
IMPACT	16.541		<u>92,839</u>
Federal Bureau of Investigation:			
FBI - Gang lmpat Team (GIT)	16.281D-LA-243251		<u>48,708</u>
<b>Total Direct Programs</b>			<u>5,343,737</u>
<b>Total Department of Justice</b>			<u>7,972,861</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2008**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
<b>Department of Labor:</b>			
Pass-Through Programs:			
Workforce Investment Act Cluster			
Goodwill Southern California			
Round Youth Program	17.259		\$ 100,302
California Employment Development Department			
Workforce Investment Act - Adult	17.258	R588747	4,077,914
Workforce Investment Act - Youth	17.259	R588747	3,292,132
Workforce Investment Act - Dislocated Workers	17.260	R588747	3,501,690
Total Workforce Investment Act Cluster [1]			<u>10,972,038</u>
California Department on Aging:			
Senior Community Service Employment Program - Title V	17.235	TV-0405-20	321,773
Senior Community Service Employment Program - Title V	17.235	ANPPM-02-SNB	86,612
Total California Department of Aging			<u>408,385</u>
California Employment Development Department:			
Workforce Investment Act - Incentive Grants	17.266	R588747	13,850
Total Pass-Through Programs			<u>11,394,273</u>
Direct Programs:			
Partnership for Pediatric Acute Care	17.261		130,097
Total Department of Labor			<u>11,524,370</u>
<b>Department of Transportation:</b>			
Pass-Through Programs:			
California Department of Transportation:			
Highway Planning and Construction Cluster			
SART Phase III	20.205		5,875
Highway Planning and Construction Grant	20.205	85954	3,470,358
Total Highway Planning and Construction Cluster			<u>3,476,233</u>
California Office of Traffic Safety:			
Underage Drinking and Driving Prevention Program (2005/2006)	20.600	AL0655	27,315
Office of Traffic and Safety	20.600		440,103
Fatal and Injury Reduction Program	20.600		299,761
Traffic Safety for Young Adults and Children	20.600		167,549
Total California Office of Traffic Safety			<u>934,728</u>
Total Pass-Through Programs			<u>4,410,961</u>
Direct Programs:			
Airport Improvement Program	20.106		1,766,709
Total Department of Transportation			<u>6,177,670</u>
<b>General Service Administration:</b>			
Pass-Through Programs:			
Secretary of State			
HAVA (Help America Vote Act) Section 301	90.401		1,179,103
Total General Service Administration			<u>1,179,103</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2008**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
<b>Department of Education:</b>			
<b>Pass-Through Programs:</b>			
California Department of Alcohol and Drug Program:			
Safe and Drug-Free Schools- Kinship Matter	84.186	SDF-0311	\$ 28,731
Safe and Drug-Free Schools	84.186		47,254
Total California Department of Alcohol and Drug Program			<u>75,985</u>
County Office of Education			
Federal Individuals with Disabilities Education (IDEA)	84.027A		<u>1,180,486</u>
<b>Total Department of Education</b>			<u>1,256,471</u>
<b>Department of Health and Human Services:</b>			
<b>Pass-Through Programs:</b>			
<b>Medicaid Cluster:</b>			
California Department of Health Services:			
Medi-Cal Assistance Program (HSS)	93.778		45,603,630
Medical Administrative Activities-PHL (MAA)	93.778		3,065,908
California Department on Aging:			
Medi-Cal Assistance Program (Title XIX, MSSP)	93.778		629,436
California Department of Social Services:			
In-Home Support Services-Public Authority	93.778		1,863,721
California Department of Public Health:			
Information and Education	93.778		414
Male Involvement Program	93.778		656
Teen SMART Outreach Program	93.778		71,926
California Department of Alcohol and Drug Program:			
Medi-Cal Assistance Program	93.778	NNA36	<u>2,018,095</u>
Total Medicaid Cluster			<u>53,253,786</u>
<b>Aging Cluster:</b>			
California Department on Aging:			
Special Programs for the Aging - Title VII-B	93.041	AP-0607-20	23,583
Special Programs for the Aging - Title VII-A	93.042	AP-0607-20	64,062
Special Programs for the Aging			
- Disease Prevention and Health Promotion Services	93.043	AP-0607-20	193,107
Special Programs for the Aging - Title III, Part B	93.044	AP-0607-20	1,501,661
Special Programs for the Aging - Title III, Parts C1 and C2	93.045	AP-0607-20	2,525,534
National Family Caregiver Support	93.052		498,177
Nutrition Program for the Elderly	93.053	AP-0607-20	<u>523,521</u>
Total Aging Cluster [1]			<u>5,329,645</u>
California Department of Alcohol and Drug Program:			
Substance Abuse Prevention and Treatment Block Grant	93.959	NNA36	<u>12,314,978</u>
California Department of Health Services:			
Project Grants for Tuberculosis Control	93.116		141,170
Acquired Immunodeficiency Syndrome	93.118	04-35374	196,364
Childhood Lead Poisoning Prevention	93.197		<u>93,209</u>
Total California Department of Health Services			<u>430,743</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
<b>Continued - Department of Health and Human Services:</b>			
<b>Continued - Pass-Through Programs:</b>			
California Department of Public Health:			
HIV Care Formula Grant - Title II	93.917	03-75924	\$ 912,473
Immunization Subvention Grant	93.268	68-0317191	406,332
Immunization Registry	93.268		279,137
Public Health Emergency Preparedness- CDC base and laboratory	93.283		1,626,020
Cities Readiness Initiative	93.283		345,028
Pandemic Influenza	93.283		421,990
STD Community Intervention Program (SCIP)	93.977		54,000
California Infertility Prevention Project	93.977		50,305
Maternal and Child Health Services Block Grant (AFLP)	93.994		913,801
Maternal and Child Health Services Block Grant (MCAH)	93.994	200336	829,564
Community Challenge Grant [1]	93.558		189,453
National Bioterrorism Hospital Preparedness Program-YR 6	93.889		55,620
National Bioterrorism Hospital Preparedness Program-YR 4	93.889		23,876
National Bioterrorism Hospital Preparedness Program-YR 5	93.889		786,262
Total California Department of Public Health:			<u>6,893,861</u>
California Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150		390,495
Mental Health Services Block Grant [1]	93.958		3,105,599
Total California Department of Mental Health			<u>3,496,094</u>
California Department of Social Services:			
Promoting Safe and Stable Families	93.556		2,292,866
Temporary Assistance to Needy Families [1]	93.558		244,812,999
Child Support Enforcement	93.563	AD-2005-CAC-XX3	26,521,584
Refugee and Entrant Assistance	93.566		37,098
Refugee and Entrant Assistance - Admin	93.566		1,598
Child Welfare Services - State Grants	93.645		1,818,532
Adoption Assistance	93.659		15,272,566
Adoption Assistance - Admin	93.659		2,230,341
Social Service Block Grant - Title XX	93.667		454,952
Independent Living Skills	93.674		1,045,154
Foster Care - Title IV - E - TAD	93.658		51,409,029
Foster Care - Title IV - E - PRB	93.658		12,067,429
Total California Department of Social Services			<u>357,964,148</u>
California Department on Aging:			
Health Insurance Counseling and Advocacy Program (HICAP)	93.779		77,952
Total California Department of Aging			<u>77,952</u>
California Family Health Council:			
Family Planning Service - Title X	93.217		511,140
Total Pass-Through Programs			<u>440,272,347</u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2008**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Award Expenditures
<b>Continued - Department of Health and Human Services:</b>			
Direct Programs:			
Health Center Cluster	93.224		\$ 285,977
Head Start Program	93.600		33,123,413
Health Care and Other Facilities	93.887		711,997
HIV Emergency Relief Formula Grant Title I [1]	93.914		6,448,863
Grants to Provide Outpatient Services for HIV Disease - Title III	93.918		527,407
<b>Total Direct Programs</b>			<u>41,097,657</u>
<b>Total Department of Health and Human Services</b>			<u>481,370,004</u>
<b>Department of Homeland Security:</b>			
Pass-Through Programs:			
California Office of Homeland Security:			
FY 2005 Buffer Zone Protection Program	97.078		52,228
State Homeland Security Grant Cluster			
FY 2007 State Homeland Security Grant Program	97.067		496,998
FY 2006 State Homeland Security Grant Program	97.067		1,640,745
FY 2005 State Homeland Security Grant Program	97.067		509,930
Total State Homeland Security Cluster			<u>2,647,673</u>
Total California Office of Homeland Security			<u>2,699,901</u>
California Department of Boating and Waterways			
Boating Safety and Enforcement Grant - Boat Engines and Power Equipment	97.012		79,883
Boating Safety and Enforcement Grant - ROV	97.012		7,086
Total California Department of Boating and Waterways			<u>86,969</u>
California Office of Emergency Services:			
FEMA - Disaster Assistance-Transportation [1]	97.036		671,433
FEMA - Public Assistance Grants 1731 [1]	97.036		7,627,549
FEMA - Public Assistance Grants [1]	97.036	FEMA -1498	10,209
FEMA - Public Assistance Grants [1]	97.036	FEMA-1585	230,351
FY 2007 Emergency Management Performance Grant	97.042		236,725
Hazard Mitigation	97.039		1,960,638
Fire Management Assistance Grant 2728	97.046		136,908
Total California Office of Emergency Services			<u>10,873,813</u>
<b>Total Department of Homeland Security</b>			<u>13,660,683</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 791,393,375</u></u>

[1] Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.



**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2008**

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**A. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the County of San Bernardino, California (the County), except for those programs operated by the Child Development Department, which were audited by other auditors engaged by the County. The aforementioned program is included in the County's financial statements; however, excluded from the Schedule of Expenditures of Federal Awards. A separate single audit report is issued for the Child Development Department. Federal awards received directly from federal agencies, as well as, federal awards, passed through the State of California and various agencies are included in this schedule. The County's reporting entity is defined in Note 1 to the County's financial statements.

**B. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting except for programs recorded in the County's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 2 to the County's basic financial statements.

**C. Relationship to Basic Financial Statements**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements.

Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue Funds.

**D. Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, with the amounts reported in the related federal financial reports.

**E. Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County has determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

***NOTE # 2 - OUTSTANDING LOANS OF FEDERAL FUNDS AT JUNE 30, 2008***

At June 30, 2008, outstanding loans under the United States Department of the Interior, Bureau of Reclamation - Reclamation and Water Reuse Program and United States Department of Agriculture are \$6,000,000 and \$1,911,600 respectively.

COUNTY OF SAN BERNARDINO, CALIFORNIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

**NOTE # 3 - AMOUNT PROVIDED TO SUBRECIPIENTS**

Of the federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Federal Award Expenditures
Child and Adult Care Food Program	10.558	\$ 243,572
Regional Nutrition Network for Healthy Active Families	10.561	352,106
Community Development Block Grant	14.218	6,010,264
Emergency Shelter Grant Program	14.231	319,630
HOME Investment Partnerships Program	14.239	1,921,015
Lead Hazard Control Grant	14.900	151,248
Juvenile Accountability Incentive	16.523	73,503
Developing, Testing & Demonstrating Promising New Programs (IMPACT)	16.541	18,715
Asset Forfeitures	16.CA0360000	55,485
2007 Justice Assistance Grant	16.738	826,999
High Intensity Drug Trafficking Area	16.17PLAP530Z	80,830
High Intensity Drug Trafficking Area-County of Riverside	16.17PLAP540Z	49,667
Workforce Investment Act - Youth	17.259	2,583,425
Federal Individual with Disabilities Education (IDEA)	84.027A	876,665
Supportive Services Program, Title III, Part B	93.044	343,816
Nutrition Programs, Title III, Part C1 & C2	93.045	2,290,271
Family Caregiver	93.052	222,992
Nutrition Program for the Elderly( Nutrition Services Incentive Program)	93.053	522,276
Immunization Subvention Grant	93.268	57,620
Family Preservation and Support Services	93.556	1,730,036
Community Challenge Grant	93.558	78,128
Temporary Assistance for Needy Families (HSS)	93.558	1,329,983
Head Start	93.600	2,994,980
Independent Living Skills	93.674	871,955
Medical Administrative Activities - PHL (MAA)	93.778	2,129,105
Medical Assistance Program (Alcohol)	93.778	1,885,075
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	61,359
National Bioterrorism Hospital Preparedness Program - YR 5	93.889	392,924
HIV Emergency Relief Formula Grant-Title I	93.914	5,043,999
HIV Care Formula Grant-Title II	93.917	695,153
Mental Health Services Block Grant	93.958	1,987,460
Substance Abuse Prevention and Treatment Block Grant	93.959	7,841,583
Maternal and Child Health Services Block Grant (MCAH)	93.994	9,821
Emergency Management Performance Grant (EMPG)	97.042	236,725
FY 2007 State Homeland Security Grant	97.067	381,579
FY 2005 State Homeland Security Grant	97.067	134,903
FY 2006 State Homeland Security Grant	97.067	1,105,274
FY 2005 Buffer Zone Protection Program	97.078	39,714
<b>Total Subrecipients Expenditures</b>		<b>\$ 45,949,856</b>

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.551, 10.561</u>	<u>Food Stamps Cluster</u>
<u>14.218</u>	<u>Community Development Block Grant Cluster</u>
<u>14.239</u>	<u>HOME Investment Partnerships Program</u>
<u>17.258, 17.259, 17.260</u>	<u>Workforce Investment Act Cluster</u>
<u>*10.576, *93.041, *93.042,</u>	
<u>*93.043, 93.044, 93.045,</u>	
<u>*93.052, 93.053</u>	<u>Aging Cluster</u>
<u>93.558</u>	<u>Temporary Assistance for Needy Families</u>
<u>93.958</u>	<u>Mental Health Service Block Grant (SAMSHA)</u>
<u>93.914</u>	<u>HIV Emergency Relief Project Grant</u>
<u>97.036</u>	<u>FEMA Public Assistance</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 3,000,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

\*Program included in cluster at the request of California Department of Aging.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

**JUNE 30, 2008**

**II. FINANCIAL STATEMENT FINDINGS**

None reported.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

**JUNE 30, 2008**

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

**Finding 2008-01**

**Program:** Community Development Block Grant

**CFDA No.:** 14.218

**Federal Agency:** Department of Housing and Urban Development (HUD)

**Award Year:** 2007-08

**Compliance Requirement:** Reporting

**Criteria:**

The Federal compliance requirement states that SF-272s, the Federal Cash Transaction Report, must be submitted within 15 working days of the end of each of quarter (i.e. January 22<sup>nd</sup>, April 21<sup>st</sup>, July 21<sup>st</sup>, and October 20<sup>th</sup>).

**Condition Found:**

*Instance of Non-compliance* - It was noted that the first and fourth quarter required SF-272s were not submitted within the required timeline during the fiscal year 2007-08.

**Questioned Costs:**

None

**Context:**

The condition noted above was identified during our testing procedures over the reporting compliance requirement.

**Cause:**

At the time the report was due key personnel were unavailable to complete and submit the required 1<sup>st</sup> and 4<sup>th</sup> quarter report in a timely basis

**Effect:**

The untimely reporting of costs to HUD results in noncompliance with the requirements set forth in the contractual agreement between the County of San Bernardino and HUD.

**Recommendation:**

We recommend that the County implement procedures to ensure all reports are submitted timely as required by HUD.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

**JUNE 30, 2008**

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**Views of Responsible Officials and Corrective Action:**

See separate correction action plan

**Finding 2008-02**

**Program:** Community Development Block Grant

**CFDA No.:** 14.218

**Federal Agency:** Department of Housing and Urban Development

**Award Year:** 2007-08

**Compliance Requirement:** Subrecipient Monitoring

**Criteria:**

The *March 2008 OMB Circular A-133 Compliance Supplement* requires a pass through entity to be responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring*- Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal Awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

**Condition Found:**

*Significant Deficiency - Instance of Non-compliance* - As a result of our audit during FY 2007-2008, we noted the following based on our testing performed over subrecipient monitoring:

- The subrecipient agreements do not identify the CFDA title and number
- Of the sample of 15 subrecipients, 11 were for public service grants and of the public services grants 11 did not have evidence in the file of on-site monitoring. In Fiscal year 2008 there were a total of 91 public services projects that received \$1,024,340 in funding.

**Questioned Costs:**

None

**Context:**

The condition noted above was identified during our testing procedures over subrecipient monitoring.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

JUNE 30, 2008

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

**Cause:**

The *Award Monitoring* did not occur during fiscal year 2007-2008 for public services due to the lack of staffing.

The *Award Identification* within the contract agreement between the County and the subrecipient(s) are not prepared in accordance with *OMB Circular A-133 Compliance Supplement*.

**Effect:**

The County increases its risk of noncompliance with subrecipient monitoring requirements set forth in *OMB A-133 Compliance Supplement*. Additionally, subrecipients might not be aware that part of the funding they are receiving is Federal funding, which may require the subrecipient to have a Single Audit performed.

**Recommendation:**

We recommend that contracts with subrecipients further describe the specific source of funding (e.g., the CFDA title and number) they are receiving in order to comply with subrecipient monitoring compliance. In addition we recommend that subrecipient monitoring is enforced and performed during each fiscal year.

**Views of Responsible Officials and Corrective Action:**

See separate correction action plan

**Finding 2008-03**

**Program:** Community Development Block Grant

**CFDA No.:** 14.218

**Federal Agency:** Department of Housing and Urban Development

**Passed through:** California Department of Social Services

**Award Year:** 2007-08

**Compliance Requirement:** Cash Management/Period of Availability

**Criteria:**

Per 24 CFR 570.504 "program income in the form of repayments to, or interest earned on, a revolving fund as defined in 570.500(b) shall be substantially disbursed from the fund before additional cash withdrawals are made from the U.S treasury for the same activity. Substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U.S Treasury."

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

**JUNE 30, 2008**

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**Condition:**

*Significant Deficiency - Instance of Non-compliance* - As a result of our testwork, we noted the County is drawing down entitlement funds prior to depleting the current available resources collected directly by the County. Further, the incorrect reporting of available resources could result in program income funds held in excess of the period of availability. In addition, due to the period of availability compliance issues the possibility exists that grant funds could be disallowed and/or repayment required of Federal resources.

**Questioned Costs:**

None

**Context:**

The condition noted above was identified during our testing procedures over cash management.

**Cause:**

The use of program income is not being utilized prior to the draw down of entitlement funds.

**Effect:**

The County increases its risk of noncompliance with cash management requirements set forth in *OMB A-133 Compliance Supplement*.

**Recommendation:**

We recommend that the County develop cash management procedures to ensure that program income is used prior to the request for entitlement funds.

**Views of Responsible Officials and Corrective Action:**

See separate correction action plan

**Finding 2008-04**

**Program:** Temporary Assistance to Needy Families and Food Stamps

**CFDA No.:** 93.558 and 10.551, 10.561

**Federal Agency:** Department of Health and Human Services and Department of Agriculture

**Passed through:** California Department of Social Services

**Award Year:** 2007-08

**Compliance Requirement:** Allowable Costs



**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

**JUNE 30, 2008**

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**Criteria:**

OMB Circular A-133, Sub-part C, Section 300, Part b, states that the auditee is responsible for "Maintaining internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Internal control means a process, developed by the entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) Reliability of financial reporting; (2) Compliance with applicable laws and regulations; and (3) Effectiveness and efficiency of operations.

The fiscal year 2008 grant agreement with the State of California requires that the County submit the County Expense Claim (CEC) for program administrative costs to the State of California on a quarterly basis for reimbursement.

**Condition:**

*Significant Deficiency* - The County submits the CEC for program administrative costs to the State of California on a quarterly basis for reimbursement. Caseworkers complete time study forms, which are compiled into a time study summary report that is used to allocate the payroll expenditures to the various federal programs in the CEC. Of the 80 employee time study transactions selected from the quarterly time study reports for test work, we noted 14 transactions whereby the employee's Time and Labor Report (TLR) did not agree to the quarterly time study summary reports. The TLR is completed and signed by the employee and reviewed and signed by a supervisor each pay period. We noted instances where the employee's total allocable and nonallocable hours per the time study summary report did not agree to the TLR.

**Questioned Costs:**

None, as it appears that the County is undercharging hours to the programs based on our test results.

**Context:**

The condition noted above was identified during our testing procedures over the programs allowable costs.

**Cause:**

The appropriate level of monitoring was not administered by the department, sufficient to prevent, detect and correct the discrepancies between the time reported for the CEC and the time card prepared by the County employees.

**Effect:**

As a result of these discrepancies, the ratios used to allocate payroll expenditures to the various federal programs in the CEC, which are derived from the data in the time study summary reports, may be inaccurate.

## COUNTY OF SAN BERNARDINO, CALIFORNIA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

JUNE 30, 2008

#### III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

##### Recommendation:

The County has implemented a formal monitoring plan, including sampling time studies throughout the year. We recommend that the County review the current preparation process for the quarterly time summary reports and implement stronger reconciliation and management review procedures of the time card and the time study reports in order to ensure the accuracy of the time study summary reports. This preventive control will help ensure that the amounts claimed for reimbursement for each of the federal programs included in the CEC are accurate. In addition, we recommend the County review the effectiveness of its formal monitoring plan.

##### Views of Responsible Officials and Corrective Action:

See separate correction action plan

##### Finding 2008-05

**Program:** Food Stamps

**CFDA No.:** 10.551, 10.561

**Federal Agency:** Department of Agriculture

**Passed-Through:** California Departments of Social Services

**Award Year:** 2007/2008

**Compliance Requirement:** Eligibility

##### Criteria:

The *Office of Budget and Management (OMB) OMB Circular A-133* requires that the County determine the eligibility of program participants based on several requirements including, but not limited, financial eligibility. To facilitate the eligibility determination the County utilizes the following:

- 1) A program application, referred to as a SAWS1, which must be signed by the applicant and retained in the participant's file.
- 2) A statement of facts, referred to as a SAWS2, which must be signed by the applicant and retained in the participant's file.
- 3) Form DFA 285-A1, used for recertification and required to be retained in the participant's file.
- 4) QR-7 reports are submitted by the participants on a quarterly basis to report any changes in income, housing, or status. These reports are required to be retained in the participants' file.
- 5) The County utilizes the Income and Eligibility Verification System (IEVS) to verify eligibility using wage information available from such agencies as the agencies administering State unemployment compensation laws, Social Security Administration, and the Internal Revenue Services to verify income eligibility and the amount of eligible benefits. The State of California has used IEVS since 1987 to verify income information received from applicants and recipients.

##### Condition:

*Instance of Non-compliance* - Of the 40 case files selected for testwork, we noted the following:

- 1) We noted 1 file did not contain the IEVS report.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

**JUNE 30, 2008**

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**Questioned Costs:**

Questioned costs of \$160 represent the benefit payments for the individual transaction noted above.

**Context:**

The condition noted above was identified during our examination of the County's participant case files of the Food Stamps program.

**Cause:**

The County's procedures did not ensure that the proper program document (IEVS) was present in the participant case file.

**Effect:**

The County increases its risk of non-compliance with eligibility requirements set forth in *OMB A-I33 Compliance Supplement*.

**Recommendation:**

We recommend that the County implement procedures to ensure that the proper program documentation is obtained and imaged/stored in all of the participants' electronic case files. This will ensure federal compliance as it relates to eligibility requirements.

**Views of Responsible Officials and Planned Corrective Actions:**

See separate correction action plan

**Finding 2008-06**

**Program:** Mental Health Services Block Grant

**CFDA No.** 93.958

**Federal Agency:** Department of Health and Human Services

**Passed-through:** State of California Department of Mental Health

**Award No:** Not Applicable

**Award Year:** 2007-2008

**Compliance Requirement:** Subrecipient Monitoring

## COUNTY OF SAN BERNARDINO, CALIFORNIA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

JUNE 30, 2008

#### III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

##### Criteria:

The *March 2008 OMB Circular A-133 Compliance Supplement* requires a pass-through entity to be responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending \$500,000 for fiscal years ending or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

##### Condition:

*Significant Deficiency - Instance of Non-compliance* – As a result of our testwork over subrecipient monitoring compliance, we noted that the agreements between the County and the providers (subrecipients) did not identify the CFDA title and number as required by *OMB Circular A-133*. In addition, we noted the County is required to perform both program and fiscal monitoring of subrecipients to ensure compliance. As a result of our audit procedures, we noted the County performed programmatic monitoring procedures without exceptions. However, we noted the County did not perform fiscal monitoring procedures for three of the four subrecipients. In addition, it was noted that the County did not obtain single audit reports from three of the four subrecipients.

##### Questioned Costs:

None

##### Context

The conditions noted above were identified during our examination of the County's contracts/agreements and monitoring files with subrecipients. The County's fiscal monitoring procedures consist of annual on-site visits and single audit report collection and review.

##### Cause:

The County did not maintain procedures to ensure that the CFDA title and number, award name and Federal agency were identified in the formalized agreements executed with subrecipients. In addition, the County did not consistently follow its procedures to complete fiscal monitoring procedures in a timely manner.

**COUNTY OF SAN BERNARDINO, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

**JUNE 30, 2008**

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED**

**Effect:**

The subrecipient agreements do not specifically identify the CFDA title and number, award name and Federal agency. Accordingly, subrecipients may not be aware that they have received Federal funding, which might require the subrecipient to have a Single Audit performed.

**Recommendation:**

We recommend the County strengthen its policies and procedures to ensure that Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements are included in sub-recipient agreements. We also recommend the County strengthen its fiscal monitoring procedures to ensure that the subrecipients administer Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements.

**View of Responsible Official and Planned Corrective Actions:**

See separate correction action plan

**Finding 2008-07**

**Program:** Mental Health Services Block Grant

**CFDA No.:** 93.958

**Federal Agency:** Department of Health and Human Services

**Passed-through:** State of California Department of Mental Health

**Award Year:** 2007-2008

**Compliance Requirement:** Allowable Costs

**Criteria:**

Budgets for each program are submitted to and approved by the State of California Department of Mental Health. These budgets provide a detail of the award, classified by staff position, consultant cost, equipment, supplies, travel, other, and administrative expenses as applicable. The County is responsible for ensuring a sufficient amount of allowable costs are incurred in relation to each approved budget item.

**Condition:**

*Instance of Non-Compliance* - Based on the detail of expenditures provided, the County incurred an insufficient amount of expenditures in 2 of the 8 programs. The 2 programs noted had actual costs for 4 positions that were less than the awarded amount. The total of the award for these positions was \$230,104 and the actual expense incurred was \$98,273. Because these positions were awarded in various Full Time Equivalent percentages, the difference between the amount awarded and the amount eligible to claim was \$164,671, which was received and claimed by the County.

COUNTY OF SAN BERNARDINO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

JUNE 30, 2008

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, CONTINUED

**Questioned Costs:**

\$164,671 represents the difference between total awarded amounts based on the State approved budgets and actual expenditures incurred based on the supporting documentation provided by the County.

**Context**

The condition noted above was identified during our examination of the County's compliance with allowable cost provisions.

**Cause:**

The County did not perform procedures to ensure compliance with certain allowable cost provisions.

**Effect:**

Support for the costs claimed by the County could not be provided.

**Recommendation:**

We recommend that the Department properly identify program costs that are charged to the SAMHSA grant and those that are paid for by other sources. A process should be established whereby any costs charged to a grant or multiple grants are properly identified, documented and included in the worksheet in order to properly calculate and monitor allowable costs against the State approved contract. This will help ensure that the quarterly and annual reports submitted to the State are properly supported and the supporting documentation clearly identifies those expenses that are charged to the grant.

**View of Responsible Official and Planned Corrective Actions:**

See separate correction action plan

**COUNTY OF SAN BERNARDINO, CALIFORNIA****SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS****JUNE 30, 2008**

Summarized below is the current status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

<b>Finding No.</b>	<b>Condition/Program</b>	<b>CFDA No.</b>	<b>Compliance Requirement</b>	<b>Status</b>
2007-01	Restatement of Prior Year Financial Statements	N/A	N/A	Implemented
2007-02	Temporary Assistance for Needy Families	93.558	Allowable Costs	Not implemented, see current year finding 2008-04
2007-03	HOME Investment Partnership Program	14.239	Subrecipient Monitoring	Implemented
2007-04	Workforce Investment Act Cluster	17.258, 17.259, 17.260	Eligibility	Implemented

COUNTY OF SAN BERNARDINO, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS

YEAR ENDED JUNE 30, 2008

Grantor/Program Name	CFDA No.	Contract Number	Federal Expenditures	State Expenditures
California Department of Aging:				
Senior Farmers' Market Nutrition Program	10.576		\$ 38,500	\$ -
Senior Community Service Employment Program Title V (NAHE)	17.235	AD-157440660	86,612	-
Senior Community Service Employment Program Title V (CDA)	17.235	TV 0607-20	321,773	87,955
Elder Abuse Program - Title VII-B	93.041	AP 0708-20	23,583	1,050
Ombudsman Program - Title VII-A	93.042	AP 0708-20	64,062	12,375
Disease Prevention and Health Promotion Services	93.043	AP 0708-20	193,107	4,176
Supportive Services Program, Title III, Part B	93.044	AP 0708-20	1,501,661	56,183
Nutrition Program, Title III, Part C1 & C2	93.045	AP 0708-20	2,525,534	155,970
Family Caregiver	93.052	AP 0708-20	498,177	-
Nutrition Program for the Elderly (Nutrition Services Incentive Program)	93.053	AP 0708-20	523,521	-
Medical Assistance Program (MSSP) Title XIX	93.778	MS-0708-17	629,436	655,127
In-Home Support Services-Public Authority	93.778		1,863,721	1,215,455
Health Insurance Counseling and Advocacy Program (HICAP)	93.779	HI-0708-20	77,952	225,167
<b>Totals</b>			<u>\$ 8,347,639</u>	<u>\$ 2,621,883</u>